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# Rural paradigms and governance models in the LEADER Programme: Case studies from North Karelia (Finland) and South Tyrol (Italy)

FULVIO RIZZO

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## Abstract

Because of a variety of postmodern developments, throughout the 20<sup>th</sup> century the Westphalian state changed in many ways. New structures between state-like forms, civil society organizations, and private market actors have emerged, resulting in a hybrid combination between both government and governance, and sectoral and integrated policies. The interaction between LEADER partnerships and the broader regionalization and regionalism contexts represents an important contribution to the understanding of different rural paradigms and their associated governance models. This paper investigates the key actors and how their power relations are structured in two LEADER Local Action Groups, one located in North Karelia (Finland) and the other in South Tyrol (Italy). The empirical data collected confirms the current struggle between the old and new rural paradigms, which is occurring from the local to the transnational scale. Furthermore, the investigation of this comparison suggests that the introduction of new governing structures has taken different forms in the rural context; as such, they have to be verified in the light of geographical contingencies.

*Finland, North Karelia, Italy, South Tyrol, rural area, LEADER Programme, governance models*

## Zusammenfassung

### Paradigmen des ländlichen Raumes und Governance-Modelle in dem LEADER-Programm: Fallstudien aus Nordkarelien (Finnland) und Südtirol (Italien)

Aufgrund einer Vielzahl postmoderner Entwicklungen veränderte sich das Bundesland Westfalen im 20. Jahrhundert auf vielfältige Weise. Zwischen staatsähnlichen Formen, zivilgesellschaftlichen Organisationen und privatwirtschaftlichen Akteuren entstanden neue Strukturen, die zu einer Hybridkombination von Regierung und Governance sowie von sektoralen und integrierten Politiken führen. Die Interaktion zwischen LEADER-Partnerschaften und dem breiteren Kontext von Regionalisierung und Regionalismus ist ein wichtiger Beitrag zum Verständnis verschiedener Paradigmen des ländlichen Raumes und der damit verbundenen Governance-Modelle. Dieser Artikel untersucht die Hauptakteure in zwei lokalen LEADER-Aktionsgruppen (die eine befindet sich in Nordkarelien, Finnland und die andere in Südtirol, Italien) und legt dar, wie deren Machtverhältnisse strukturiert sind. Die erhobenen empirischen Daten bestätigen den zwischen alten und neuen Paradigmen des ländlichen Raumes derzeit stattfindenden Wettstreit, der sich von der lokalen bis zur transnationalen Ebene vollzieht. Die Untersuchung dieses Vergleichs deutet ferner darauf hin, dass die Einführung neuer Lenkungsstrukturen im Zusammenhang mit den ländlichen Gegebenheiten verschiedene Formen angenommen hat, die aus der Sicht geographischer Möglichkeiten bestätigt werden müssen.

*Finnland, Nordkarelien, Italien, Südtirol, ländlicher Raum, LEADER-Programm, Governance-Modelle*

## Introduction

In recent years, both state and international bodies such as the European Union or the World Bank have encouraged institutional governing arrangements that emphasize the role of private economic actors and various segments of the civil society in policy-making; this role was previously provided and organized by the state (SWYNGEDOUW 2005). Contemporary official policy documents, at all levels, highlight the role of partnerships and networks beyond the scope of formal governmental structures (GOODWIN 1998). Partnership formation is a result of various sources of change, such as administrative practices, EU-integration, and public finances; the main goal is to solve problems and interpret policies through actors' constellations (ÖSTHOL and SVENSSON 2002).

An example of such governing practices is the LEADER Community Initiative, launched by the European Union in 1991 as one of the most distinctive methods of the so-called new rural paradigm (OECD 2006). This is based on the increasing attention given to the diversification of the rural economy beyond primary production, as well as on highlighting a territorial and integrated approach. The new rural paradigm is associated with the notion of rural development, which has emerged from the competing discussions concerning agriculture and the countryside (VAN DER PLOEG et al. 2000). Until the 1990s EU discourses on rurality and rural space usually referred to the Common Agricultural Policy (CAP) (HADJIMICHALIS 2003). Traditional agricultural policies and strategies were associated with exogenous development (MUR-

DOCH 2000), and gave little attention to the multi-faceted spatial development of the countryside. In contrast, the multi-sectoral and integrated new rural paradigm recognizes the importance of local factors; development processes involve a variety of features that are contingent on geographical space and time (SARACENO 1999). Within this context, LEADER promotes the involvement of local stakeholders in the formulation and delivery of programmes and projects (HIGH and NEMES 2007); the actors responsible for the 'grass-root' programming are the so-called Local Action Groups (or LAGS), composed by private and public components, which must express the views of a specific rural territory.

So far, there have been four generations of LEADER. LEADER I (1991-93), LEADER II (1994-99), and LEAD-

ER + (2000-06) were all financed by EU Structural Funds, and Member States and regions had separate LEADER programmes separately funded by the European Union. On the basis of the 2003 and 2004 reforms of the Common Agricultural Policy, COUNCIL REGULATION (CE) No 1698/2005 established that, for the current 2007-2013 period, the LEADER method is one of the axes of the European Agricultural Fund for Rural Development. As a result, LEADER is no longer autonomous, but has been incorporated into national and regional rural development programmes, alongside other rural development axes.

By means of an international comparison, the aim of this article is to investigate the influence of actors on the implementation of rural policies. Attention focuses on identifying the key actors and how their power relations are structured in two LEADER Local Action Groups, one located in North Karelia (Finland) and the other in South Tyrol (Italy) (Fig. 1). The basic research hypothesis is that difference in policy implementation can be explained by a combination of relations of autonomy and dependence within policy networks on the one hand, and contextual issues such as regionalization and regionalism on the other.

The article is structured as follows: Section 2 starts by highlighting the complexity of the European regional level, which includes the emergence of new governing structures in the contemporary era; furthermore, it conceptualizes power in policy networks. Sections 3 and 4 focus on the North Karelia case study: first, the regional context is introduced, and, then, the Joensuu Seudun LEADER Ry LAG is investigated, particularly the various local actors comprising policy-setting and their power relations. Using a similar structure, Sections 5 and 6 investigate the South Tyrol case study, where the LAG Alta Valle Isarco/Wipptal is analyzed. Section 7 draws conclusions from the empirical data, highlighting how geographical contingency is the key to understanding the paradigm and governance models in rural areas.

A qualitatively oriented comparative method (RAGIN 1987) has been deemed the most appropriate means of investigating the case studies selected, and answering the research questions. To fulfill the hypothesis, the choice of the case studies has been undertaken in the light of diverse administrative territorial regimes



Fig 1: Location of North Karelia in Finland and South Tyrol in Italy

(in particular the degree of regions' power in relation to the central level of government), and different region building processes. The core data come from face-to-face semi-structured interviews collected in Finland and in Italy in 2008 and 2009. Most were gathered in the two regional settings; a few interviews were conducted with policy experts at the central level of government. In order to obtain a wide spectrum of responses, the interviewees in both case studies have different educational and working backgrounds and include a variety of key stakeholders dealing with rural development and policy, such as researchers, university professors, entrepreneurs, farmers, civil servants, politicians, staffs of Local Action Groups and, in the case of North Karelia, also village activists and village planners.

### New governing structures and power network analysis

Europe does not have a uniform or homogenous regional level in terms of administrative, political, and judicial systems. In contrast, different types of

regions or regionalisms can be identified (KEATING 1998). The evolution and spatial variation that the regionalism phenomenon has experienced since World War II is attributable to a variety of post-modern developments, such as globalization, Europeanization, economic reorganization, the development of the information society as well as social and cultural fragmentation, which are typical of the contemporary era (SJOEBLOM 2006). Thus, regionalism is a complex phenomenon that cannot be confined to the idea of a regional level of government; rather, it includes a wide range of new forms of territorial action (KEATING 1998).

The Westphalian state, for instance, has changed in many ways; new structures between state-like forms, civil society organizations and private market actors have emerged, resulting in a hybrid combination between government and governance. While government traditionally involves a top-down perspective, often associated with the "old" political class, governance is associated with the "new" self-governing group of actors

who work in networks (Sjöblom 2006). Beck (1994) refers to the latter as subpolitics, which involves the shaping of society from below, with a decreasing importance of the central rule approach, and at the same time with growing opportunities for citizens, social movements and expert groups. Responsibilities become blurred, and often no single actor is able to decide alone (Goodwin 1998).

Goverde and Van Tatenhove (2000, p. 98) claim that “the optimism that leads to seeking to manage social problems within the network is probably based on the main assumption that society, nowadays, functions in essence on horizontal relations between individuals, groups, organizations and institutions”. This type of horizontal and polycentric structure, where power is dispersed, is increasingly common in the fields of development and scientific research in the form of projects (Kováč and Kristóf 2008). Within this projectified European rural/territorial system, a new social class has emerged, involving a growing number of civil servants, experts and managers who play an increasingly relevant role in designing and managing European as well as national development programmes (Kováč and Kučerová 2006; Picchi 2002 in Kováč and Kučerová 2009). Furthermore, this new project class may to a various degree compete for power with the farming lobbies, as well as with the public administration.

In order to investigate the possible decentralization and redefinition of power relations resulting from LEADER policy, the research questions presented in this paper address the use of power in policy network approaches. In spite of “the ‘Babylonian’ variety of different understandings and applications of the policy network concept” (Börzel 1998, p. 254), in the science of public administration policy networks are usually defined as “more or less stable patterns of social relations between interdependent actors, which take shape around policy problems and/or policy programmes” (Kickert et al. 1997, p. 6). Policy network analysis tries to interpret new ways of governance that involve a variety of public and private actors within the mutating relationships between state, civil society and the market (Goverde and Van Tatenhove 2000). In this paper, the focus is on policy networks as a heuristic analytical approach (Goverde and Van Tatenhove 2000); the goal is to unravel the power relations,

interactions, and interdependencies between actors which result from the implementation of the LEADER Programme in two different regional contexts.

Although power in social science research has traditionally been an important issue in theoretical analysis, little research has been done regarding power functions and how they are structured (Kováč and Kristóf 2008). Giddens (1984, p. 16) argues that “power within social systems which enjoy some continuity over time and space presumes regularized relations of autonomy and dependence between actors or collectivities in contexts of social interaction”. In structuration theory power is considered as a multi-layer concept: power refers to the capacity of agents, and is understood as a relational and structural phenomenon (Goverde and Van Tatenhove 2000). Power as a capacity, which is the most apparent and visible type of power, refers to the way the social and physical environment is maintained or transformed. Secondly, power as a relational phenomenon refers to the fact that it is exercised within the relative abilities of actors in interaction. The third layer, power as a structural phenomenon, means that power is shaped by and “shapes the socially structured and culturally patterned behaviour of groups and the practices of organizations” (Goverde and Van Tatenhove 2000, p. 107). As Murdoch (2000, p. 408) suggests, from a rural perspective it is appropriate to question whether the assumption of a society based on horizontal relations “is as prevalent as is often assumed by theorists of the ‘network society’”, and to what extent this assumption is related to the regionalism and regionalization contexts.

### **North Karelia: regional context**

North Karelia, located in Eastern Finland at the border with Russia, has a population of 166 129 inhabitants (Altiika Database 2009). With the establishment of the Finnish state in 1917, the building process of this region was the result of national interests rather than a bottom-up process (Häyrynen 2003). This factor has contributed to the strong and constant dependence of this region on the central level. In order to construct nationhood, Fennoman intellectuals, especially those of the regional students’ association of Helsinki University, associated the national landscape imagery with the already defined historical pro-

vinces of Finland. True “Finnishness” was located in inland forested areas, such as present-day North Karelia, to distinguish them from the Swedish-speaking minority who inhabited the coastal regions (Häyrynen 2003).

Historically, the sources of livelihood in North Karelia have come from the forest: first hunting, then slash and burn cultivation, forest work, wood processing and sales have provided support to the region (Björn 2006). Agriculture, mostly characterized by milk and grain production (Pro Agria 2009), has traditionally been marginal in the economy for a variety of reasons including physical geography (hilly terrain, presence of numerous lakes and harsh climate) as well as agriculture and settlement policies favouring land fragmentation. Through the end of the nineteenth century slash and burn cultivation was still practiced, especially in eastern North Karelia, where the climate and soil conditions hindered the birth of productive agriculture. It is in this period that the forest became the most important resource in the region, influencing the construction of society and community. The timber boom of the late 1800s was unable to create a strong peasant upper class, as was the case in southwest Finland, which could rely on a relatively productive agriculture (Alapuro 1980).

Due to its role in the national economy – based on the production of raw material for the forest industry and peripheral location on the border with Russia compared to industrial centers and harbours – North Karelia has for centuries been (and still is) one of the poorest regions in Finland (Häyrynen 2003). The region has witnessed “an extremely fast structural change from an agricultural society towards a modern information based society” (Region of North Karelia 2010), as shown in Figure 2. Eskelinen and Fritsch (2006) define its current settlement structure as shifting from a dispersed pattern towards a nodal one, with decreasing population figures in sparsely populated areas.

Under the administrative point of view, North Karelia is contextualized in a unitary state rooted in a strong central level and municipalities with extensive powers. The regional level is characterized by both municipal cooperation and de-centralization of the state (Virkkala 2002). With the exception of the autonomous, Swedish-speaking region of the



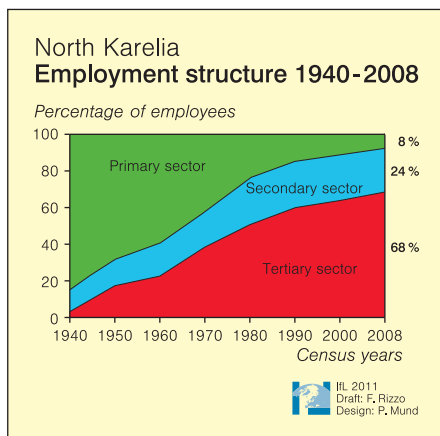


Fig. 2: Employment structure in North Karelia 1940-2008

Sources: ALTIKA database, Statistics Finland; Statistical Yearbooks of Finland. Compiled partly by Jukka Oksa

Åland Islands (and to a smaller extent Kainuu<sup>1</sup>), the Finnish regional level does not include regions with independent budgetary power, elected decision-makers, relevant competencies and important tasks. The regional councils, established in 1993, have regional development and planning responsibilities, but lack political and legislative power and have minimal financial responsibility (RIZZO 2007).

The foundation of these regional councils (including the one in North Karelia) is rooted in the wave of “new regionalism” which materialized when Finland joined the European Union in 1995. This “new regionalism” developed in the 1980s and 1990s; the driving forces behind this political doctrine were the processes of globalization, socio-economic restructuring and state reforms (RODRÍGUEZ-POSE 2002). Although EU membership was quite important in the creation of Finnish regional councils, this factor has to be interpreted as a function of the wider political, economic and social context that characterized Finland throughout those years (RIZZO 2007). Recent developments, however, particularly the remarkable recovery of the Finnish economy in the late 1990s, increasing globalization, and European integration, are making Finnish regions move beyond “the new regionalism” into “network regionalism”, which relies to a major extent

on network modes of governance for developing and implementing its policies (BALDERSHEIM and ØGÅRD 2009).

This type of bipolar structure of the Finnish state (central level versus municipalities) has important implications on the way in which LEADER is implemented. In this Nordic country, Local Action Groups are responsible for selecting the projects; however, the final decision regarding the allocation of funding is made by the Centres for Economic Development, Transport and the Environment,<sup>2</sup> which determine whether the projects comply with EU and Finnish legislation. The responsibility of the Ministry of Agriculture and Forestry is to create a financial framework for the Local Action Groups as well as monitor the progress of the programme and report to the EU Commission (LEADER + PROGRAMME FOR FINLAND 2002).

### The Joensuu Seudun LEADER Ry

The Joensuu Seudun LEADER Local Action Group (Fig. 3) was established in the spring of 1995 by a group of active individuals when the first news of the LEADER approach started to circulate in Finland. Two project staff members from the Regional Council of North Karelia, along with the current Local Action Group manager, organized a meeting to select a working group to design the LEADER II strategy. The LEADER II Programme of the region was written during the summer and fall of 1995. At the outset, Joensuu Seudun LEADER was an informal association with no official status; it was a group of about 15 to 20 people with different backgrounds and networks (such as village activists, entrepreneurs, municipal officers and researchers) who collected ideas for the LEADER II development plan from their own networks. Joensuu Seudun LEADER acquired official status as a registered non-profit association in June 1996 at a meeting of 86 participants (LEADER + OBSERVATORY CONFERENCE...2007). This Local Action Group contains three different zones. Just outside the city of Joensuu, is a zone of residential areas. Farther

away, is a zone of agricultural land, and even farther, remotely and sparsely populated areas. Only the areas nearby the city of Joensuu are growing, in particular Kontiolahti, Liperi, and the densely populated areas close to Joensuu. Growth is concentrated especially within a reasonable commuting distance (LEADER + OBSERVATORY CONFERENCE...2007).

In the Finnish context, local initiative and local development have a long and well-established tradition, and their roots are in traditional co-operation and assistance between neighbours, which reflects the scattered nature of its settlements; village committees have been an important manifestation of local development (HÄRKÖNEN and KAHILA 1999). Joensuu Seudun LEADER Ry is a typical case where village action and village associations represent the main theme of development in the LEADER Programme. One rural researcher and activist argues that when this LAG was established, most of the people involved were village activists who had a core role in starting and running this EU partnership. Nevertheless, in the first LEADER period (LEADER II 1996-1999), some conflicts arose between this LAG and the municipalities, caused by a competition between the “old” top-down approach (municipalities represented by the municipal manager, and the local politicians who had been in office for a long time), and the “new” bottom-up project class which came and started

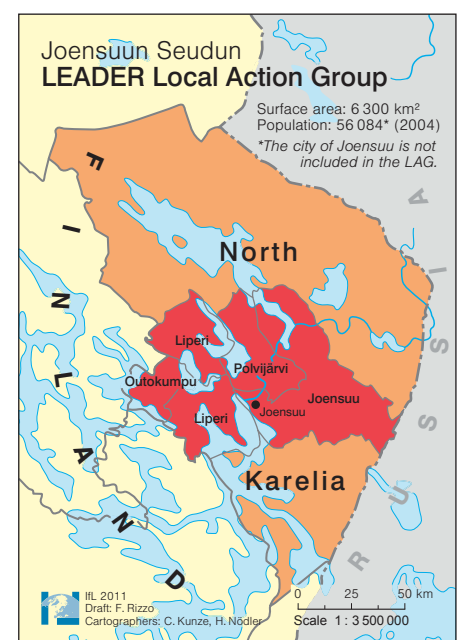


Fig. 3: LAG Joensuu Seudun LEADER Ry  
Source: Own Design with ARCGIS 9

<sup>1</sup> Kainuu is located in Eastern Finland and has a surface area comparable to that of Belgium. The self-government experiment in this region, which took force on January 1<sup>st</sup>, 2005, represents an embryonic form of regional self-government, and it is the first democratically elected regional body on the Finnish mainland (RIZZO 2006).

<sup>2</sup> The 15 Centres for Economic Development, Transport and the Environment (in Finnish *ELY Keskuks*) started operating on January 1<sup>st</sup>, 2010. These Centres have been assigned the tasks of the former Employment and Economic Centres (which were responsible for the LEADER Programme), Road Districts, Regional Environmental Centres and State Provincial Offices (CENTRES FOR ECONOMIC DEVELOPMENT, TRANSPORT AND THE ENVIRONMENT 2010).

working with this innovative rural development tool.

Since the inception of LEADER + (2000-2006), the municipalities' acceptance of this method of development has increased; in addition, the devising of the tripartite structure of LEADER partnerships by Finnish LEADER officials (one-third of the partnership composed of village associations, one-third by municipalities and one-third by local citizens) has prevented the dominance of the "old" government structure (municipalities) in favour of the "new" local development of village associations. Nevertheless, within the context of the current municipal reform, which involves mergers of small municipalities into larger urban centres, the power relations between the Local Action Groups and municipalities are not always clear, and are in a constant process of redefinition. According to a high-ranking village officer, "municipalities may feel that the LAGS can assume duties of municipalities, for example advising the business and service sector."

The importance and support of the role of villages by Joensuu Seudun LEADER is reflected by the active cooperation between this LAG and the Joensuu Union of Rural Education and Culture (Joensuu Maaseudun Sivistysliitto or MSL), a state-centred and politically sponsored (by the Centre Party) association, which organizes cultural courses for village organizations, and at the same time activates citizens together with Joensuu Seudun LEADER. Its function is to help village organizations design their village plans and advise them on how to use their budget (MSL representative). A number of researchers from the Karelian Institute of the University of Eastern Finland have also been involved in the activities of this local action group; some have worked in the organization, for example, helping to write the LEADER rural development plan, or as project managers; others have indirectly provided experience drawn from their work and evaluation of rural plans or as experts in rural development.

Another important partner of Joensuu Seudun LEADER is the state agency of the Centre for Economic Development, Transport and the Environment, which is the key player in the programme, serving as the funding authority in LEADER. As highlighted by a few interviewees, there may be some overlap between the LAG and this organization since a common task is to finance enterprises, and conse-

quently these two organizations finance similar projects. The overlap, however, is not perceived as a problem because applicants have more options at their disposal and LEADER is a preliminary tool for seeking suitable ways of funding projects: LEADER has often funded preliminary briefings for entrepreneurs and the actual project has then been funded by some other actor (forest sector entrepreneur).

According to a regional village coordinator, the LEADER Local Action Group and the Centre for Economic Development, Transport, and the Environment represent the financial line of rural development, and, as a result, cooperation between these two organizations is intrinsically close. In contrast, the regional council (Pohjois-Karjalan Maakuntaliitto) and the North Karelia Regional Village Association (Pohjois-Karjalan Kylät or PKK) represent political aspects of rural development. The North Karelia Regional Council oversees the general development of the region, in cooperation with state authorities (REGIONAL DEVELOPMENT ACT 602/2002 Section 7). It coordinates different EU programmes, which also include those making social policy. The North Karelia Regional Village Association, however, is another organization that deals directly with villages. According to a rural researcher, the latter organization is rather weak and, unlike MSL, does not cooperate with Joensuu Seudun LEADER. The above-mentioned regional village coordinator argues that the North Karelia Village Association is an NGO of villages, whose core work focuses on the village as a basic unit of society. He further notes that this association is quite different from the LAG, which in turn is a 'rural' NGO, whose main target is rural development. If the North Karelia Village Association is viewed according to this perspective, the activity of this association is more related to the work of the North Karelia Regional Council than that of the Centre for Economic Development, Transport, and Environment (regional village coordinator).

In light of the investigated comparison, it is also important to note the position of the Central Union of Agricultural Producers and Forest Owners (Maajametsäloustuottajain Keskusliitto or MTK), which represents the farmers' lobby. There is virtually no cooperation between Joensuu Seudun LEADER and this farming organization; the empirical material shows the often diverging dis-

courses between farmers and rural developers, who compete for power in the local rural context. Most representatives of MTK support the idea that it is crucial to guarantee the continuity of agriculture in the countryside, since this development tool is a significant means of delaying population loss in rural areas. In contrast, rural developers clearly differentiate themselves from the farmers; most argue that farmers already receive enough funding and due to the structural changes that have occurred in Finnish agriculture, it is more important to emphasize the diversification of the rural economy. As Figure 4 indicates, the policy-setting surrounding Joensuu Seudun LEADER is rather complex, with power relations constantly being redefined. At the upper level of the figure are positioned the municipalities and the Centre for Economic Development, Transport and Environment, which represent the financial inputs to the local action group, and the research institution of the Karelian Institute. On the right side, the Central Union of Agricultural Producers and Pro Agria (another farming organization) follow their own policy lines, as to a broad extent is also the case of the regional council, the highest authority in Finland concerning regional development. It is, however, a weak strategic actor at the regional level. At the bottom of the figure is located the village branch of policy-setting. Although cooperation between these two organizations (Union of Rural Education and Culture, and Regional Village Association) and the LAG may vary according to the personal relations between these actors, village work represents the backbone of Joensuu Seudun LEADER.

In the following sections (Sections 5 and 6) the South Tyrol case study is analyzed. Because of the different regionalism and regionalization context, in this German-speaking region the power relations between government and governance, and between the old and new rural paradigm, tend to show more hierarchical structures in comparison to the Finnish case study.

### **South Tyrol: regional context**

South Tyrol is a predominantly German-speaking autonomous province located in north-eastern Italy bordering Austria, Switzerland, and the Italian provinces of Trento, Belluno, and Sondrio. The area was previously a component of the Austro-Hungarian Empire as part of the

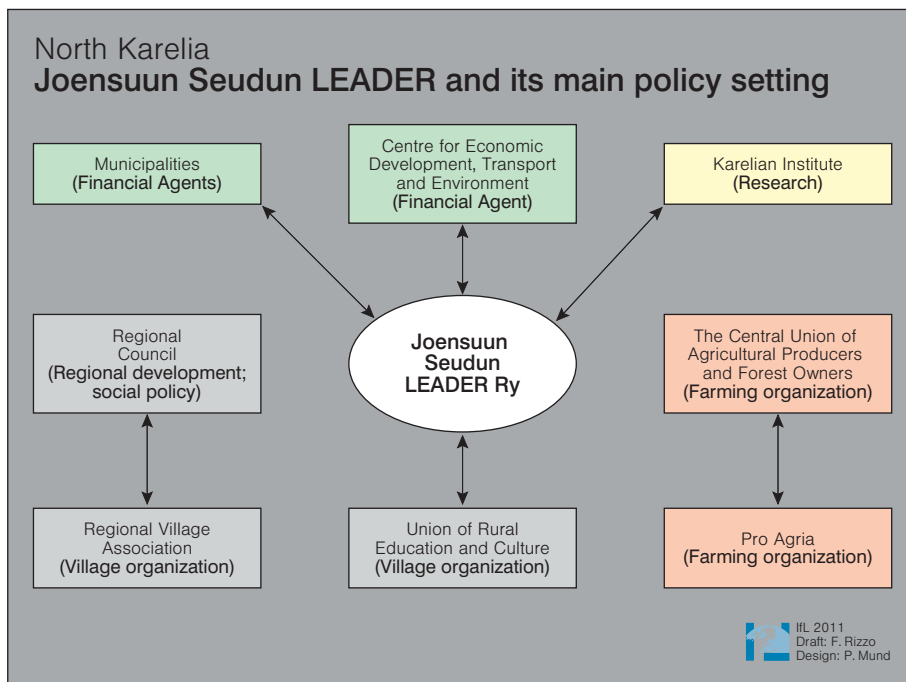


Fig. 4: Joensuu Seudun LEADER and its main policy setting  
Source: Own Design

greater Tyrol region, constituted by what are today North and East Tyrol (Austria), and Trentino (Italy). It became part of Italy in 1919 when the Austro-Hungarian Empire was dissolved after World War I (MARKUSSE, 1997).

Unlike North Karelia, this region has a long tradition of autonomy, with roots dating back as far as 1248, which marks the first temporary constitution of the Tyrol County by Albert III (DE BIASI, 2008). Farmers have since historically represented a relatively strong social class, holders of rights and not just subjected to the supremacy of the aristocracy. Farmers were involved in the local assemblies, where possible attacks by enemies, financial matters, and also the rights and

duties of the farmers themselves were discussed with the aristocrats and church authorities (later artisans as well). This early practice of self-government gave farmers both a strong consciousness of their own class and a strong link to the territory, which was lived as their 'own', and not only considered as the property of the earl (DE BIASI 2008). The strong bond to the territory has materialized through the implementation of the closed farm (in German geschlossene Hof, in Italian maso chiuso), a juridical institution which still survives in the contemporary South Tyrolean countryside.<sup>3</sup>

South Tyrol has a population of 503 400 inhabitants, its territory is mountainous in character, and only a small part can be inhabited and exploited economically (LECHNER and MORODER 2010). In some areas of the province agriculture is wealthy, and due to the relatively wide surfaces and the legal institution of the closed farm – which has prevented land fragmentation – permits a good living for farmers. This is true for farms located at the bottom of valleys or in a favourable position in the mountains, which makes possible the growth of vine-

yards and fruit orchards; this is also true for those farms located close to towns and transport infrastructure (BOCCHETTI et al. 2009). Similarly to North Karelia (although less sharply), the employment structure of South Tyrol in the second half of the twentieth century experienced a profound transformation from an agricultural to a industrial and service society (Fig. 5). Even though in the Italian context South Tyrol is still unique in its ability to maintain an equal distribution of population within its territory, this province is also moving towards a concentration of population in the main urban centers (BOCCHETTI et al. 2009).

LECHNER and MORODER (2010) argue that the historical and political events occurring in this region – particularly the co-existence of the dominant German-speaking group and the Italian-speaking minority – have strongly influenced the development of the South Tyrolean economy. According to the LEADER coordinator, there is a clear distinction between the main urban center Bolzano/Bozen, and the rural territory. Since the period of the Italianization Programme, when the Fascists established an industrial area in the capital of the province to encourage Italian settlement, Bolzano/Bozen has been an 'Italian enclave', where the Italian-speaking ethnic group dominates, and is run autonomously by its political representatives. The rest of the territory, in contrast, has always been mostly German-speaking; as a result, the ethnic party Südtiroler Volkspartei attracts votes mainly in the rural territory, and political attention goes to the rural areas, because politically this is crucial. In the last few decades, the development of the economy in South Tyrol has been successful for a variety of reasons, including the uniqueness of the mountainous landscape, the geographical location at the border between Austria and Italy, and bilingualism (LECHNER and PARTACINI 2008).

As a result of long negotiations with Rome throughout the 1970s and 1980s, South Tyrol became an autonomous province within the Region of Trentino-Alto-Adige/South Tyrol, recognized by both the Italian state and the European Union (COLE 2001). The Autonomous Statute of 1972 assigned this province legislative power as well as numerous competencies in the economic field, including agriculture and forestry (PAOLAZZI 2008). Consequently, the province of South Tyrol can

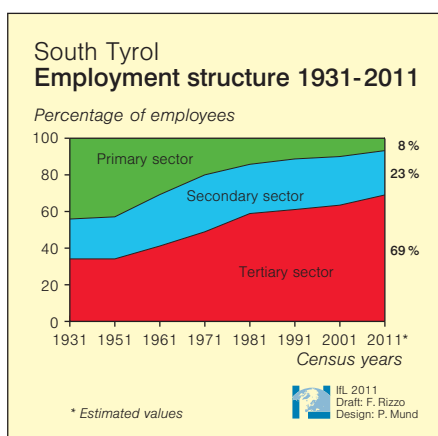


Fig. 5: Employment structure in South Tyrol 1931-2011  
Source: LECHNER and MORODER 2010

<sup>3</sup> This institution provides that "upon the farmer's death, the farm is not divided among the heirs, but it is inherited by only one person, usually one of the coheirs, called heir contractor (*Anerbe*)" (MORI and HINTNER 2009, p. 6). The other heirs have only the right to compensation.



be classified as an example of the “old regionalism”, since it was largely linked to historical, linguistic, and cultural factors. The German-speaking group felt it necessary to protect and promote their local culture, language, and identity against the aggressive attitude of the Italian national culture and language. During this first wave of regionalism, regional autonomy and devolution referred mostly to a question of identity, while economic issues (if they were present at all) were not as relevant (RODRÍGUEZ-POSE 2002).

Currently, South Tyrol is contextualized in what is usually defined as a regional state, whereas regions have less autonomy than in federal states (RODRÍGUEZ-POSE 2002, p. 165). Within such an administrative context, the LEADER Programme in Italy is implemented through 21 regional programmes; regional administrations and autonomous provinces are the managing and funding authorities, and they are also responsible for selecting the Local Action Groups. The latter are responsible for choosing the individual projects. The Ministry of Agriculture and Forestry Policies, on the other hand, has a coordinating role in the implementation of LEADER (RAPPORTO SULLO STATO...2005).

### LAG Alta Valle Isarco/Wipptal

LAG Wipptal (Fig. 6) was established in July 2002 for the LEADER + period (2000-2006). When the Wipptal district was chosen in 2001 for the implementation of the LEADER + Programme, a cooperative was established in January 2002 to host the Local Action Group Wipptal as well as other EU funds such as INTERREG and the European Social Fund (COMUNITÀ COMPENSORIALE WIPPTAL ... 2009). The members of the local action group were appointed by an act of the District Community (Comunità Comprensoriale). This local action group is located right at the border with Austria and has witnessed a period of restructuration following the dismantling of border structures upon the implementation of the Schengen Treaty in 1998. Additionally, remote alpine valleys in this area, such as the Racines/Ratsching and the Val di Vizze/Pfitsch, suffer from delayed development. Wipptal is not a homogenous entity; valleys are small, and the towns of Vipiteno/Sterzing, Brennero/Brenner and Fortezza/Franzenfeste focus on transport and highway axis (LEADER + WIPPTAL 2008).

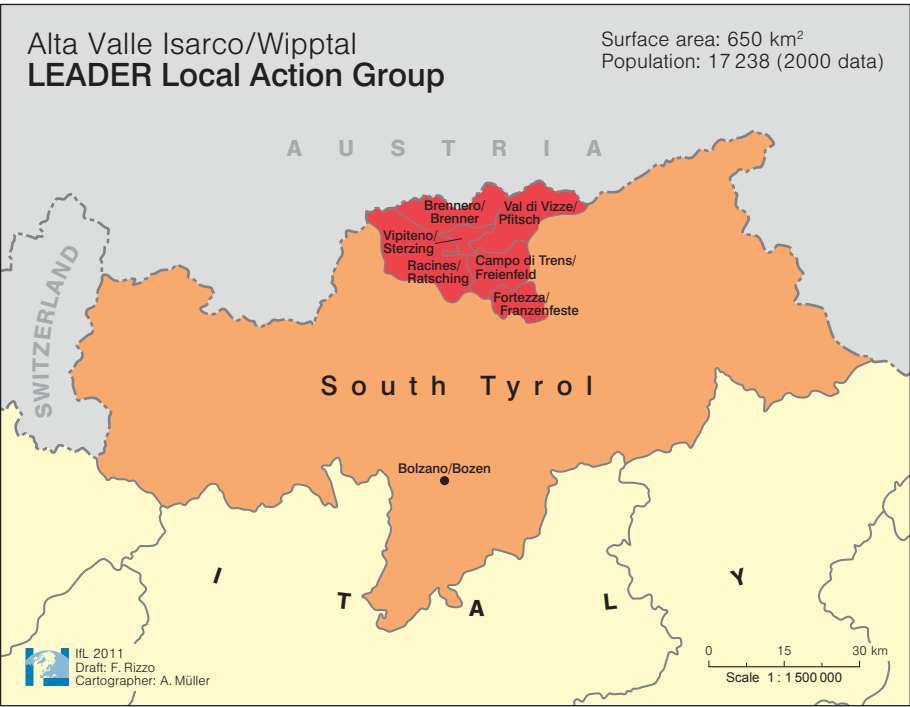


Fig. 6: LAG Alta Valle Isarco/Wipptal  
Source: Own Design with ARCGIS 9

Since its start, the LEADER Programme in South Tyrol has been both introduced and implemented in a top-down manner. The policy setting of LAG Wipptal is depicted in Figure 7 using a vertical structure. At the top is located the President of the Province, who is the most influential and powerful figure at the political level in this region. The establishment of LAG Wipptal (like

any other South Tyrolean local action groups) has been decided by provincial politicians along with local mayors, not by the valleys’ inhabitants (civil servant of the Province of Bolzano). Unlike the case of Joensuun Seudun LEADER, where local development has emerged through village work and associations, in LAG Wipptal the public, top-down sector entrenched with the “old” political

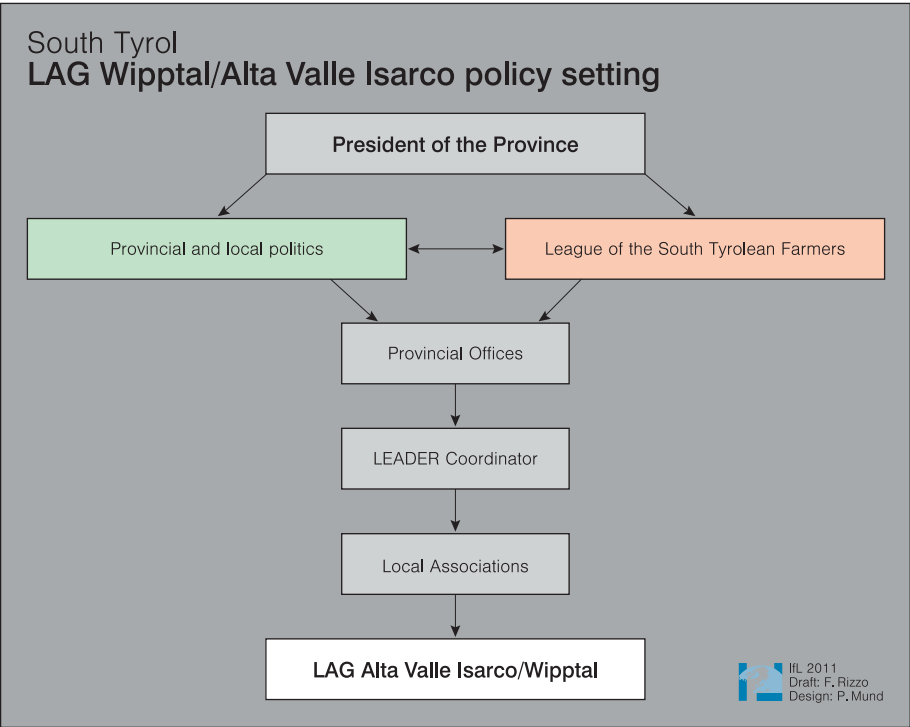


Fig. 7: LAG Wipptal/Alta Valle Isarco policy setting  
Source: Own Design



hierarchies still prevails. An interviewed mayor clearly states that “local politics embodied by the mayors and municipal councilors of the various municipalities in LAG Wipptal have had a key role in the introduction and execution of the LEADER Programme.” The above-mentioned Bolzano civil servant further notes that “here regional policy does not work, because it is more important that the politician in his/her own sector decides what he/she wants, without having a general vision. In our province the bottom-up approach is rare; here we are more at the top-down level.”

The bridge between the province, embodied by politics and provincial offices, and LAG Wipptal (as well as all the other LAGs, at least until the LEADER + Programme) is represented by the provincial coordinator, a person of trust of the provincial council, who knows the territory well and has coordinated the activity of the various LAGs. The provincial coordinator has been able to implement the programme as they wanted at the provincial level and has carried out the task of exchanging experiences among the various LAGs, at the same time giving feedback to politicians and to the province (representative of the provincial agricultural office, LAG Wipptal).

The integrated and multi-sectoral approach, typical of the LEADER method, has not only clashed with the sectoral perspective of the provincial offices, but also with the lobbying interests of the associations involved in the various economic sectors (agriculture, tourism, handicrafts, etc.). A high-ranking civil servant in the province remarks that the lobbying interests of these associations are represented by their members in the provincial council; he further defines these associations as bureaucratic bodies comparable to public administration itself. The LAGs’ private sector members are usually the highest representatives of the local associations. In the case of LAG Wipptal, one deals with the Consorzio Turistico Valle Isarco (Tourism Consortium of Isarco Valley), the Unione dei Commercianti (Chamber of Commerce), the Unione degli Artigiani (Craftsmen Union), the Ente Distrettuale dell’Agricoltura (District Association of Agriculture), the Liberi Professionisti (Professionals), the Ispettorato Forestale di Vipiteno (Vipiteno Forestry Inspectorate), and the Centro Giovani (Youth Centre).

The most prominent association in South Tyrol at the political level is the Südtiroler Bauernbund (League of South Tyrolean Farmers). This association, which was the first to be re-established after the Second World War, re-organized the agricultural sector in the province (GATTERER 2007). As the Südtiroler Bauernbund (the agricultural lobby comparable to the Finnish MTK) is the most prominent association in South Tyrol at the political level, it is not surprising that nine of ten farmers voted for the Südtiroler Volkspartei in the last elections on 26 October 2008, and agriculture is still the strongest working group within the party. The Südtiroler Volkspartei has ruled the province since the end of the Second World War. In the last elections, even though the party received less than 50 % of the total vote (48.1%) for the first time, it still has the majority of seats in the provincial council (18 of 35). President Durnwalder started his career in the Südtiroler Bauernbund and has been in power since 1989 (more than 20 years). These considerations suggest that farming enjoys a significant position in the development strategies of the political representatives of the province (SÜDTIROLER BAUERNBUND 2008; CONSIGLIO DELLA PROVINCIA...2008).

This also has important implications on the implementation of the LEADER programme. In the current period (2007- 2013), where LEADER is no longer autonomous and is included in the regional rural development programme along with the other rural development axes, the province has decided to focus on farming instead of rural diversification, as was the case until the LEADER + period. This decision implies that projects have to include agriculture, and if any other sector, such as tourism, commerce, or handicrafts, wants to be part of a LEADER project, it has to be linked to agriculture. The detachment of LEADER from its original target, rural development, has sparked a lively debate among the interviewees; if it is true that agriculture is a vital sector in this province as a social, economic, and cultural system well-rooted in the territory, the other economic sectors, especially handicrafts and tourism, may suffer from this decision. Relevant to this discussion is the comment by a representative by the handicrafts association, who states that politicians have not considered the opinion of the handicrafts people since

in this province regional development almost in its entirety means agriculture. Moreover, in the 2008 provincial council elections, members of the agricultural lobby gained the most representatives, compared to the other economic associations.

Due to the marginality of the LAGs, especially in this current period 2007- 2013, in discussions between civil servants of the province and the various staffs of the LAGs, it was decided that these EU partnerships (including LAG Wipptal) will become a centre of regional development and planning – in each of the Comunità Comprensoriali – and deal not only with LEADER funding, but also INTERREG, the European Social Fund, and other Community funding (civil servant, province of Bolzano). To summarize, rural development in the province is dominated by the two axes of politics and the farmers’ lobby; however, there is also a political will that recognizes the importance of these new governing structures to effectively tackle the post-modern developments of current society.

### Final reflections

The interaction between relations of autonomy and dependence within policy networks and the broader regionalization and regionalism contexts represents an important contribution to understanding different rural paradigms and their associated rural governance models. The empirical data from these two case studies confirm the current struggle between the old and the new rural paradigms, which although in this paper has been analyzed at the local level, also occurs at the national and international levels. The LEADER method has found more fertile ground in North Karelia’s horizontal rural policy setting than that of South Tyrol.

North Karelia’s flexible and constantly mutating regional level – recently from new regionalism to network regionalism – has favoured the introduction of an equally flexible instrument such as LEADER. In this region, the rural policy arrangements embody the structural characteristics of the so-called new rural paradigm, whereas the diversification of rural economy and socio-administrative innovation have a long and well-established tradition rooted in the work of the village associations. In this case, the new governing structures, as well as the new rural paradigm, have succeeded in com-

peting and to some extent in prevailing over the old politics and traditional sectoral policies. This is also attributable to the historical marginality and structural weakness of agriculture in this region.

In South Tyrol, rural policy-setting still resembles the old paradigm, where the agricultural lobby and interests still prevail over the formal arrangements required for the functioning of the LEADER Programme, and the countryside is still to a large extent associated with agriculture, referred to as a German-speaking landscape system well-rooted in the territory. The South Tyrol "old regionalism" background – pre-established administrative structures, vertical hierarchies, strong regional autonomy – has not favoured the introduction of the LEADER instrument; as such, the sub-politics of the project class is much more challenged in competing with the old political class.

The investigation of this comparison also suggests that the introduction of these new governing structures has taken different forms in the rural context; as such, they must be verified in the light of geographical contingencies. North Karelia is an example of the mixed rural governance model. On the one hand, it is characterized by a constellation of regional and local-level actors who, at different levels, are interlinked with each other. On the other hand, the key player at the regional level is not a truly regional, politically accountable organization; rather, it is the state, through its regional offices of the Centre for Economic Development, Transport and the Environment, which has a dominant role in the horizontal rural policy-setting. The strengths of this power-dispersed horizontal system, based on interdependencies with well-specified duties and goals, are cooperation and compromise (Rizzo 2007). Nevertheless, the lack of regional self-government, which is typical of the current Finnish intermediate level, may varyingly fragment policy responsibilities and, most importantly, lead to the lack of a unitary strategy. The empirical data, for instance, indicates that the regional council, the highest regional development authority in Finland, and the LAG are perceived as two separate bodies, almost in competition with each other.

As also suggested by OECD (2009), South Tyrol is, in contrast, an example

of centralized rural governance model, where the responsibility for LEADER clearly lies with the provincial authorities; power is mostly exerted by politics, which plays a crucial role not only in the animation of this programme, but also in its coordination and implementation. Unlike North Karelia, in South Tyrol the vertical concentration of power within the "old" government structures brings a potential inhibition of endogenous development processes. However, the introduction of new governing structures has led to some embryonic competition among the rural actors, representing a concrete institutional innovation in the rigid South Tyrolean administrative system.

To conclude, in an era of homogenization of rural and regional policies at the EU level, this study suggests that case studies at the regional level are needed for two main reasons. Firstly, to verify which policies are appropriate, and in which context; secondly, to challenge the assumption that society today is arranged according to a network logic, based on the dominance of subpolitics and its associated project class.

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